

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

-----X

ARTISTRY FABRICS, INC. d/b/a HAMIL
TEXTILES,

Plaintiff,

CIVIL ACTION NO. 07 C.V. 4842 (GEL)

-against-

REPLY

THE CATO CORPORATION, CATO STORES,
INC. and DAGIA'S, INC. d/b/a/ Red Hot,

Defendants.

-----X

Plaintiff Artistry Fabrics, Inc. d/b/a Hamil Textiles, by its attorneys, Fogel & Wachs PC,
replies to the Counterclaims of defendants The Cato Corporation and Dagia's, Inc., as follows:

PARTIES

1. Plaintiff denies knowledge or information sufficient to form a belief as to the truth
of the allegations in paragraph 1 of the Counterclaims.

2. Plaintiff denies knowledge or information sufficient to form a belief as to the truth
of the allegations in paragraph 2 of the Counterclaims.

3. Plaintiff admits that it is a Nevada corporation and further alleges that it's principal
place of business in the State of New York is located at 42 West 39th Street, New York, New
York, where the Plaintiff maintains its office and showroom.

JURISDICTION AND VENUE

4. Paragraph 4 of the Counterclaims contains legal conclusions to which no response
is required. To the extent any response is required, Plaintiff denies the allegations in paragraph 4
of the Counterclaims.

5. Paragraph 5 of the Counterclaims contains legal conclusions to which no response

is required. To the extent any response is required, Plaintiff denies the allegations in paragraph 5 of the Counterclaims.

6. Paragraph 6 of the Counterclaims contains legal conclusions to which no response is required. To the extent any response is required, Plaintiff denies the allegations in paragraph 6 of the Counterclaims.

BACKGROUND

7. Plaintiff denies knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 7 of the Counterclaims.

8. Plaintiff denies knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 8 of the Counterclaims.

9. Plaintiff denies knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 9 of the Counterclaims.

10. Plaintiff denies knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 10 of the Counterclaims.

11. Plaintiff denies knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 11 of the Counterclaims.

12. Plaintiff denies knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 12 of the Counterclaims.

13. Plaintiff denies knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 13 of the Counterclaims.

14. Plaintiff denies knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 14 of the Counterclaims.

15. Plaintiff denies knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 15 of the Counterclaims.

16. Plaintiff denies knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 16 of the Counterclaims.

17. Plaintiff denies knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 17 of the Counterclaims.

18. Plaintiff denies knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 18 of the Counterclaims.

19. Plaintiff denies the allegations in paragraph 19 of the Counterclaims.

20. Plaintiff denies knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 20 of the Counterclaims.

21. Plaintiff denies knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 21 of the Counterclaims.

22. Plaintiff denies knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 22 of the Counterclaims.

23. Plaintiff denies knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 23 of the Counterclaims.

CLAIM I

DECLARATORY JUDGMENT OF INVALID COPYRIGHT

24. With respect to the allegations in paragraph 24 of the Counterclaims, Plaintiff repeats and reiterates its responses to the allegations in paragraphs 1 - 23 of the Counterclaims.

25. Plaintiff denies the allegations in paragraph 25 of the Counterclaims.

- 26. Plaintiff denies the allegations in paragraph 26 of the Counterclaims.
- 27. Plaintiff denies the allegations in paragraph 27 of the Counterclaims.
- 28. Plaintiff denies the allegations in paragraph 28 of the Counterclaims.
- 29. Plaintiff denies the allegations in paragraph 29 of the Counterclaims.
- 30. Plaintiff denies the allegations in paragraph 30 of the Counterclaims.

CLAIM II

DECLARATORY JUDGMENT OF NON-INFRINGEMENT

31. With respect to the allegations in paragraph 31 of the Counterclaims, Plaintiff repeats and reiterates its responses to the allegations in paragraphs 1 - 30 of the Counterclaims.

- 32. Plaintiff denies the allegations in paragraph 32 of the Counterclaims.
- 33. Plaintiff denies the allegations in paragraph 33 of the Counterclaims.
- 34. Plaintiff denies the allegations in paragraph 34 of the Counterclaims.
- 35. Plaintiff denies the allegations in paragraph 35 of the Counterclaims.
- 36. Plaintiff denies the allegations in paragraph 36 of the Counterclaims.
- 37. Plaintiff denies the allegations in paragraph 37 of the Counterclaims.
- 38. Plaintiff denies the allegations in paragraph 38 of the Counterclaims.
- 39. Plaintiff denies the allegations in paragraph 39 of the Counterclaims.
- 40. Plaintiff denies the allegations in paragraph 40 of the Counterclaims.

CLAIM III

TORTIOUS INTERFERENCE WITH PROSPECTIVE BUSINESS RELATIONS UNDER NEW YORK COMMON LAW

- 41. With respect to the allegations in paragraph 41 of the Counterclaims, Plaintiff repeats

and reiterates its responses to the allegations in paragraphs 1 - 40 of the Counterclaims.

42. Plaintiff denies the allegations in paragraph 42 of the Counterclaims.

43. Plaintiff denies the allegations in paragraph 43 of the Counterclaims.

44. Plaintiff denies the allegations in paragraph 44 of the Counterclaims.

45. Plaintiff denies the allegations in paragraph 45 of the Counterclaims.

46. Plaintiff denies the allegations in paragraph 46 of the Counterclaims.

47. Plaintiff denies the allegations in paragraph 47 of the Counterclaims.

48. Plaintiff denies the allegations in paragraph 48 of the Counterclaims.

AFFIRMATIVE DEFENSES

1. The Counterclaims fail to state a claim upon which relief may be granted.

2. The Counterclaims are barred by documentary evidence.

3. The Counterclaims are barred by the Defendants' unclean hands.

4. The Counterclaims are barred because any damages alleged by the Defendants were caused solely by the Defendants' own conduct.

5. The Counterclaims are barred because the Defendants have failed to mitigate their alleged damages.

WHEREFORE, Plaintiff demands judgment for the relief demanded in the Complaint and dismissing the Counterclaims in their entirety with prejudice, together with costs and disbursements, attorneys' fees and such other and further relief as the Court deems just and proper.

DATED: NEW YORK, NEW YORK
August 22, 2007

FOGEL & WACHS PC
Attorneys for Plaintiff
420 Fifth Avenue - 26th Floor
New York, New York 10018
(212) 944 - 1580

s/ Louis I. Fogel
BY:-----
LOUIS I. FOGEL (LF 0627)

TO: ALSTON & BIRD LLP
Attorneys for Defendants
90 Park Avenue
New York, NY 10016
(212) 210 - 9400